# MHWMC

## 19TH ANNUAL REPORT 2005-2006

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## Letter of Transmittal

The Honorable John Harvard
Lieutenant Governor of the
Province of Manitoba

May it please your Honor:

I have the honor of presenting to you the Annual Report for the Manitoba Hazardous Waste Management Corporation for the year ended March 31, 2006.

Honorable Stan Struthers
Minister of Conservation responsible for the Manitoba Hazardous Waste Corporation

## 2005-2006 Highlights

New Container Management Program Poised To Take Off

Centre Remains Profitable while Miller invests in new areas of business

New Trucks join Miller fleet

Lindane disposal project reaches successful conclusion

Ian Forrester joins MHWMC board

New business year starts in promising fashion

## ENVIRONMENTAL POLICY STATEMENT

1. While the Manitoba Hazardous Waste Management Corporation is no longer directly operating a waste management business, it remains committed to its original goals.

Its principal objective is to develop and sustain a Manitoba hazardous waste management system that will both preserve and enhance the quality of the environment in the province.

This is a fundamental element of the provincial government's broader policy of fostering universal environmental stewardship and sustainable economic development in Manitoba.

In carrying out its mandate, the corporation uses these guidelines as the basis for decision-making:

1. Recycling re-use and recovery at source must be promoted, encouraged and carried out to minimize waste generation and maximize resource conservation.

2. All projects and activities related to hazardous waste management and disposal must be consistent with the protection of public health and environmental quality.

3. Public approval of the disposal system and its components must be earned through open and responsive communication and through public participation in all aspects of system development and operation.

4. Economic development will be encouraged and generated by a cost-effective waste management system that enhances environment-friendly enterprises.

5. Contemporary environmental values and policies will be fostered and promoted through public education and research, as well as by example.

6. The corporation will assume in perpetuity the environmental stewardship for all wastes and residues placed in its custody.

## OVERVIEW

This was the 10th year that Miller Environmental Corporation has operated the Manitoba Environmental Centre which was developed in the Letellier-St. Jean Baptiste region by the Manitoba Hazardous Waste Management Corporation (MHWMC).

Miller Environmental was established in 1996 as a 50-50, public-private partnership between the MHWMC, a provincial crown corporation, and Miller Waste Systems, a division of Miller Paving Ltd. of Markham, Ontario. Under the terms of the partnership, Miller Environmental is responsible for the operation of the environmental centre and its hazardous waste disposal business. The MHWMC owns the centre site and, as the landlord, is entitled to rent as its share of profits.

Policy direction for Miller Environmental Corp. (MEC) is shared by Miller Waste Systems and the Manitoba Government. Miller appoints five directors to MEC's nine person board, while theother four are provincial government nominees. As a stipulation of the partnership, two of the province's directors must be residents of the R.M. of Montcalm where the environmental centre is located on Highway 14, a mile west of the intersection with Highway 75.

## OUTLOOK

Prospects are bright as Miller Environmental Corp. embarks on its eleventh year of managing and operating the Manitoba Environmental Centre (MEC) in the R.M. of Montcalm.

The spring first quarter of 2006 started strongly, with usual volumes of waste being being augmented by two emergency reponses to clean up fairly large spills.

Miller is expecting to benefit in the months ahead from its contract to dispose of plastic pesticide containers for CropLife, an Ontario-based association of pesticide manufacturers. Besides shredding more containers at MEC in the second year of the three-year pact, Miller is negotiating with CropLife to expand the project to Ontario. If the talks succeed, Miller would establish an Ontario location to serve that province's pesticide makers.

While it has a well-established prescence in Manitoba, the company's strategy is to grow the MEC's business not only at home, but also in Saskatchewan and Alberta. The Winnipeg sales office and its agents are in constant discussions with Saskatchewan and Alberta hazardous waste brokers in an effort to increase the volumes coming to MEC from those provinces.

Miller is also seeking a licence amendment from Manitoba Conservation so that it can use land farming to treat and dispose of large volumes of a variety of wastes. The licence extension would cover the bio-remediation of pesticides, metals and other contaminated wastes.

In addition to aggressively pursuing customers and markets, Miller is controlling costs to improve productivity and profit margins. At the same time, it is re-investing revenues to seize emerging opportunities in a highly competitive marketplace.

With a sharp eye focused on the future, Miller is looking forward to 12 months of good growth and continuation of current momentium that should bode well for the years ahead.

## THE MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION BOARD

RICHARD A. GALLANT, *Chairman and Chief Executive Officer*
Mr. Gallant has been chair of the corporation since 1995 and a director since 1992. An active community worker in the RM of Montcalm, he is a former member of the Letellier school advisory council, a member of the Letellier volunteer fire department, the local Knights of Columbus and a church trustee. In the business world, he is co-owner of Gallant's Family Foods and Del's Specialty Meats. The Gallant family has operated Letellier's grocery store for more than 80 years.

ROGER BARNABE, *Manager, Finance and Administration*
Mr. Barnabe is an accountant and entrepreneur. In addition to running several corporations, he sits on several rural development boards in Canada and the United States. He is president of the Montcalm Community Development Board and Access Montcalm, a high speed Internet initiative in his rural region. Mr. Barnabe is also vice-chair of both Northern Great Plains Inc. and the Red River Trade Council, two Canada-U.S. development think tanks.

## DIRECTORS

NANCY BETTCHER

Ms. Bettcher is a director of both the Manitoba Hazardous Waste Management Corp. and Miller Environmental Corp. A specialist in international business, she is director of U.S. marketing for Pollard Bank Note Ltd. in Winnipeg. She graduated in commerce from the University of Manitoba, then added a Masters in Business Administration. She is a member of the Young Associates, a support group for the U of M's business school.

DR. ART CHOW

Dr. Chow is a professor of chemistry, analyst and researcher at the University of Manitoba. A runner and photographer, he is also on the executive of the Manitoba Marathon Foundation.

MURRAY CRADDOCK

Mr. Craddock retired recently from his job as a Winnipeg staff representative for the Canadian Union of Public Employees (CUPE). With more than two decades of experience in labour relations, he is currently working as a consultant. His expertise has been in handling contract negotiations and grievances for workers in the social care, daycare and health care industries. Previously, he was on the boards of Blue Cross and the Society For Manitobans With Disabilities.

ALEX FORREST

Mr. Forrest, a member of the Winnipeg Fire Paramedic Service for the past 15 years, is president of the United FireFighters Union of Winnipeg. He is co-chair of the City of Winnipeg Safety Committee, a district representative of the International Association of FireFighters and an executive member of the Manitoba Federation of Labour. Trained to level one in hazardous materials handling, he works with firefighters across North America on emergency measures services, including hazardous material spill responses. Also licenced to practice law in Manitoba, he has arts and law degrees from the University of Manitoba.

IAN FORRESTER

Mr. Forrester is a prominent farmer in the RM of Montcalm. He is a co-owner of Forrester Farms Ltd., a family farm operation that was established five generations ago in 1881. With additional farming interests in the Emerson area, Mr. Forrester graduated from the University of Manitoba in 1981 with a degree in agriculture and a major in economics. He is chairman of district three of Keystone Agricultural Producers and has served on the district board for 19 years. He is also on the board of the Halbstadt Marais Water Co-op and the Altona Credit Union, as well as being a member of the Letellier Fire Department. Earlier, he was on the boards of the Buffalo Plains Conservation Association and the Emerson curling club and recreation complex.

ARNOLD GRAMBO

Mr. Grambo taught in the Brandon School Division for 32 years, retiring in 1996. Originally from a family farm in Birch Hills, Sask., he attended Brandon University and became deeply involved in community affairs in his adopted city. He served on Brandon City Council for 12 years, as well as being president of the Keystone Centre Board, member of the Brandon Economic Development Board and co-chair of the Brandon Solid Waste Management Committee. In retirement, he has concentrated on volunteer work, principally as president of the Hudson Bay Route Association and as a founding member and chair of Habitat For Humanity Brandon.

DR. BILL PATON

Dr. Paton is a professor of biology and botany at Brandon University. He is active in the Manitoba Association of Plant Biologists, a director of the Canadian Society For Environmental Biology and a past board member of Brandon University where he has taught since 1974. As well, he helped develop composting and recycling initiatives through his membership on the City of Brandon Solid Waste Management Committee. He is also President of the Brandon Area Environment Council.

GILLES SABOURIN

Mr. Sabourin is a life-long farmer of grains, oilseeds and special crops. He is a director of La Caisse Populaire and was a partner in a car dealership for 10 years. He is an RM of Montcalm municipal councillor who has served on the environment sub-committee of Manitoba Pool Elevators and the Montcalm Community Liaison Committee monitoring the Manitoba Environment Centre. In addition, he is a member of Montcalm Parks and Recreation, the Knights of Columbus and his church.

## MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION (MHWMC)

This has been another year of growth for the partnership between the Province of Manitoba and the Miller group of companies.

As always, this annual report represents a summary of the year from the different perspectives of the three stakeholders - the Manitoba Hazardous Waste Management Corp., Miller Environmental Corp. and the Community Liaison Committee representing the interests of the R.M. of Montcalm.

The success of hybrid partnerships such as this are dependant on ensuring that all stakeholders have input into decision-making and are allowed to report on their assessment of progress. Our report, therefore, presents readers with an unfettered look at the partnership from all points of view.

From the standpoint of the MHWMC, I'd like to start by welcoming Ian Forrester to the board of directors. Ian brings with him many years of service on numerous boards and community organizations in and around the R.M. of Montcalm. His farming background and involvement with the volunteer fire department will bolster and compliment the MHWMC's already diversified resources. We are indebted to Manitoba Conservation Minister Stan Struthers for recognizing the need for more community involvement on the board.

Another positive was the successful conclusion of the project to dispose of a compost of contaminated Lindane-coated canola seed by spreading it on Montcalm farm land. In the spring of 2006, there were below traceable levels in the final results of monitoring for Lindane on the property. This not only concludes the project, but also dispels any concerns about environmental contamination stemming from the use of land farming as the final stage of remediation. I would like to thank Dr. Bill Paton for his many hours of review and advice while overseeing the Lindane project on behalf of the board.

Dr. Art Chow, also a board member, once again reviewed and subsequently provided his evaluation of all the information generated by the monitoring stations at Miller's Manitoba Environmental Centre (MEC) plant site. This review of the annual monitoring report provides both the board and the Community Liaison Committee with an independent technical assessment of the environmental health of the site. I would like to thank Dr. Chow for his continuing efforts in this area.

On the business side of things, the direction continues to be positive at the MEC. Employment levels at the centre are at an all-time high. Currently, Miller employs 29 full-time personnel supplemented by eight term positions, with the majority of these jobs in the RM of Montcalm. The province and especially Montcalm municipality are reaping the benefits from Miller's creation of a variety of steady, well-compensated employment opportunities.

The major new business initiative of the year was the container management program which disposes of farm chemical containers in an environmentally safe manner. The program is becoming increasingly efficient and MEC is poised in the next year to reap the benefits of improvements in processing.

It is just another example of how the MEC contributes to the well-being of all Manitobans. It serves the community at large by providing reasonable hazardous waste disposal options to both industry and households.

The ISO 9001-14001 program of the International Standards Organization continues to drive improve-

ments to operations and procedures at the centre. In the past year, there were internal and external audits of new and existing operating procedures, with an emphasis on implementation of the new.

With all indicators pointing the partnership in a positive direction, the MHWMC board of directors is working diligently to ensure the momentum is maintained.

In closing, I would like to acknowledge the co-operation of Conservation Minister Struthers and Assistant Deputy Minister Dave Wotton, our liaison with this department. Our recent growth has also been fostered by the commitment and dedication of all the directors, Finance Manager Roger Barnabe, Miller Environmental and the Community Liaison Committee.

We are all looking forward to another year of progress from both a business and partnership perspective.

Richard A. Gallant,
Chairman and Chief Executive Officer

## MESSAGE FROM THE COMMUNITY LIAISON COMMITTEE

This past year was as eventful as ever in the continued development and evolution of the Manitoba Environmental Centre (MEC) operated in our community by Miller Environmental Corporation.

The Community Liaison Committee (CLC) continues to work diligently to safeguard the interests of the R.M. of Montcalm. We meet regularly with Miller officials, as well as receiving and reviewing all Miller and Manitoba Conservation Dept. correspondence pertaining the the MEC.

We are pleased with the management of the facility by Miller and its staff. During the past year, no serious spills occured nor were any corrective actions ordered by Manitoba Conservation. It is the CLC's opinion that Miller's certification by the International Standards Organization (ISO) continues to result in a safe and efficient waste treatment operation in our community.

We have received and are reviewing the latest Environmental Monitoring Report, containing important information gathered by the monitoring stations at the centre. Dr. Art Chow of the MHWMC board plays a vital role in helping us to interpret the report. His background in chemistry is invaluable in making an unbiased, third party evaluation of the document, as well as providing a cost effective analysis for the CLC.

The Lindane-coated canola seed composting project of Mid-Canada Soils has reached a conculsion. The composting area has now been fully decommissioned and sampling of spring field runoff from the last spread of compost detected no unusual levels of contaminants. The community is relieved to see the completion of this project.

Also worthy of note is the three-year pesticide container shredding contract awarded to Miller in 2005 by CropLife, an Ontario-based association of pesticide manufacturers. Miller has been entrusted with the association's responsibility for recycling empty agricultural pesticide containers. The contract has provided local employment opportunities for the community and is viewed positively in an agricultural area such as ours. Consequently, the CLC supported Miller's Oct., 2005 request to store and shred the containers in the former soils remediation building on site.

The CLC continues to work cooperatively on finalizing the Land Value and Agricultural Products Protection Programs. The purpose of the programs is to compensate local land owners if a devaluation of property or produce should occur due to the province's decision to locate the hazardous waste facility in the R.M. of Montcalm.

The programs were agreed to in principal by the Manitoba Government and the R.M. during the initial development of the facility. But they remain at the stage where some details must be refined before implementation.

Currently, there is a stalemate between Miller and the CLC as to who should pay the legal fees stemming from the final development and implementation of the programs. The CLC argues that the co-management agreement clearly states that Miller is responsible for these costs. However, Miller is counter-claiming that it is only responsible for program administration and that the MHWMC or the province should pick up the tab for the development costs.

We are continuing to negotiate with Miller on resolution of this dispute and are expecting to reach a concensus in the near future.

We also welcome the appointment of Ian Forrester as a new director on the expanded MHWMC board. Ian is a well known and respected local farm operator who has a wealth of experience on numerous agricultural and community boards both locally and provincially. His appointment will provide continuity and preserve Montcalm's important involvement in the MHWMC, personified by current corporation chairman Rick Gallant.

In conclusion, the CLC looks forward to continued good working relations with Miller Environmental and Manitoba Conservation, while we do our job of protecting the community.

Gaetan Fontaine,
Chairman,
Montcalm Community Liaison Committee

## OPERATIONS

The bottom line was adversely affected this past year by Miller Environmental's significant investment in a new type of business.

While the Manitoba Environmental Centre (MEC) remained profitable with an eight percent increase in both waste volumes and revenue, the investment in the new pesticide container disposal program prevented what would have otherwise been a record year.

Miller faced a substantial learning curve after the company was awarded the three-year pesticide container management contract by CropLife, an Ontario-based association of pesticide manufacturers. The contract calls for Miller to collect, treat and dispose of residues left in the pesticide containers of the association's manufacturer members.

Part of the first year was spent in determining the most economically efficient way to carry out this potentially large assignment. Initially, a Miller crew trucked their shredder to do the work on-site at various municipal landfills. But this method proved to be less than ideal in terms of expenses incurred for travel, hotels and per diems for the crew.

Consequently, Miller officials made a decision to centralize all the shredding at the MEC centre. With this centralization having taken place, the company believes it is now well-positioned to reap much better economic rewards in the next two years of the contract. It is also anticipating an imminent increase in the volume of containers whose plastic strips are recycled and re-sold to makers of such products as plastic pipe lining, fence posts and railway ties.

The container program has already resulted in the hiring of eight term employees, many R.M. of Montcalm residents living near the centre. As well, Miller has 29 full-time employees whose efforts and efficiency have enabled the company to handle rising volumes of waste without increasing staff.

In the residential sector, Miller continued to receive a year to year contract extension to run the Manitoba Government's household waste collection and disposal program. Provincial authorities are planning a "Green Manitoba" initiative to improve the program, but while the details are being worked out, Miller has been granted annual extensions of the contract it has held since 1999.

Two extra collection days at Miller's Winnipeg depot contributed to the success of the household waste program during the year. In addition, the company maintained this service for householders in larger regional centres including Brandon, Selkirk, Thompson and The Pas.

Emergency responses, however, were down marginally from the previous 12 months, making it just an average year in this sector.

A highlight of the year was the successful conclusion of the land farming program to dispose of contaminated Lindane-treated canola seed. There were no traceable levels of contamination when tests were undertaken on the land farming property this spring. The seeds were first washed and composted before they were spread on land as the final stage of remediation. Because of the test results, Miller - with the help of Mid-Canada Waste Management and Dr. Bill Paton of the MHWMC board - has put to rest the challenge of developing an effective Lindane treatment, a process that took several years.

Another highlight last summer was the re-certification of the Miller MEC plant for a three-year period by the International Standards Organization (ISO) of Geneva, Switzerland. The plant undergoes internal and external audits twice a year to ensure it meets the high standards demanded by ISO in all aspects of
MEC operations. A valuable marketing tool, the highly regarded ISO designation is a draw for customers in that they know their waste is being properly handled.

To better serve these customers, Miller has installed a new computer data system that tracks all details of a transaction - from initial customer information to treatment of the waste and then to final billing. As well, the company has invested in new trucks, buying a new five-ton and leasing another of the same size. Its trucks now sport Miller's brown and yellow colours, raising the company's profile as the vehicles travel on streets and highways.

As the year ended, Miller continued to enjoy a positive relationship with all the MEC stakeholders - the MHWMC, the Community Liaison Committee and Manitoba Conservation. By meeting regularly and providing all pertinent information, the company works co-operatively with its partners to efficiently dispose of hazardous waste and maintain the quality of Manitoba's environment.

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# Auditors' Report

**To the Members of**
**MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION**

We have audited the balance sheet of **MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION** as at March 31, 2006 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 30, 2006

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**BDO** ***Dunwoody s.r.l. est une société à responsabilité limitée constituée en Ontario***

# MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

## Balance Sheet

| March 31 | 2006 | 2005 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and bank | $ 94,850 | $ 130,646 |
| Rent receivable (Note 2) | 282,966 | 205,547 |
| | 377,816 | 336,193 |
| **Long-term investment - Miller Environmental Corporation** | 1,000,000 | 1,000,000 |
| **Capital assets - land, at cost** | 170,305 | 170,305 |
| | $ 1,548,121 | $ 1,506,498 |
| **Liabilities and Equity** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | $ 10,427 | $ 10,999 |
| **Equity** | | |
| Share capital (Note 1) | 7,500,000 | 7,500,000 |
| Deficit | (5,962,306) | (6,004,501) |
| | 1,537,694 | 1,495,499 |
| | $ 1,548,121 | $ 1,506,498 |

On behalf of the Board:

_____ Director

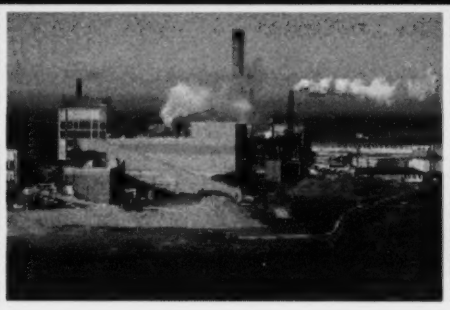
_____ Director

# MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
## Statement of Operations and Deficit

| For the year ended March 31 | 2006 | 2005 |
|---|---|---|
| **Revenue** | | |
| Gross profit rent (Note 2) | **$ 77,419** | $ 94,817 |
| **Expenses** | | |
| General and administrative expenses | **35,224** | 31,047 |
| **Net income for the year** | **42,195** | 63,770 |
| **Deficit**, beginning of year | **(6,004,501)** | (6,068,271) |
| **Deficit**, end of year | **$ (5,962,306)** | $ (6,004,501) |

# MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
## Statement of Cash Flows

| For the year ended March 31 | 2006 | 2005 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net income for the year | $ 42,195 | $ 63,770 |
| Changes in non-cash working capital balances | | |
| Rent receivable | (77,419) | (94,817) |
| Accounts payable and accrued liabilities | (572) | - |
| **Decrease in cash and cash equivalents for the year** | (35,796) | (31,047) |
| **Cash and cash equivalents**, beginning of year | 130,646 | 161,693 |
| **Cash and cash equivalents**, end of year | $ 94,850 | $ 130,646 |



# MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
## Summary of Significant Accounting Policies

**March 31, 2006**

**Nature of Business**

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The organization, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the organization entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Corporation (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shares of Miller. Under the agreements, the organization retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

**Financial Instruments**

The organization's financial instruments consist of cash, rent receivable, long-term investments and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**Basis of Accounting**

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

**Long-term Investments**

The investment in Miller Environmental Corporation is recorded at cost of $3,000,000 less $2,000,000 writedown in 2003 to represent the estimated value of the investment after taking into consideration an impairment in value.

**Rental Income**

According to the terms of the site lease with Miller, rental income is based on a percentage of Miller's gross profits.

**Revenue Recognition**

Gross profit rent revenue is recognized over the term for which it applies.

## 1. Share Capital

The authorized capital of the organization is 350,000 shares for a maximum consideration of $35,000,000.

The issued capital is as follows:

| | 2006 | 2005 |
|---|---|---|
| 75,000 common shares | $ 7,500,000 | $ 7,500,000 |

## 2. Gross Profit Rent

On January 1, 1996, Miller Environmental Corporation (MEC) entered into a site lease agreement with the Manitoba Hazardous Waste Management Corporation (MHWMC). Under the terms of the agreement, MEC is committed to annual rent payments of 20% of gross profit to a maximum of $500,000 for each calendar year.

The estimated rental profit receivable based on the audited financial statements of MEC for the fiscal years ending February 28, 2006, 2005, 2004, 2003, 2002 and 2001 is as follows:

| | |
|---|---|
| February 28, 2006 | $ 77,419 |
| February 28, 2005 | 94,817 |
| February 28, 2004 | 21,115 |
| February 28, 2003 | 16,998 |
| February 28, 2002 | 57,323 |
| February 28, 2001 | 15,294 |
| | $ 282,966 |

## 3. Contingencies

Under the terms of the agreements with Miller Environmental Corporation, MHWMC would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

## 4. Economic Dependence

The organization is economically dependent on Miller Environmental Corporation. The organization's main future sources of revenue are site lease rental revenue and dividend income from its affiliate.

## 5. Public Sector Compensation

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totalled $13,397. No employee's compensation exceeded $50,000 per year.

## 6. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

## NOTES

## BOARD OF DIRECTORS

Mr. Richard Gallant, Chairmain and CEO
Dr. Art Chow
Ms. Nancy Bettcher
Mr. Murray Craddock
Mr. Alex Forrest
Dr. Bill Paton
Mr. Gilles Sabourin
Mr. Ian Forrester

Richard Gallant, Gilles Sabourin and Ian Forrester are representatives of the Rural Municipality of Montcalm under the Manitoba - Montcalm Co-Management Agreement.

## MHWMC MANAGEMENT

Mr. Richard Gallant, Chairman and CEO
Mr. Roger Barnabé, Manager, Finance and Administration

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## MILLER ENVIRONMENTAL CORPORATION

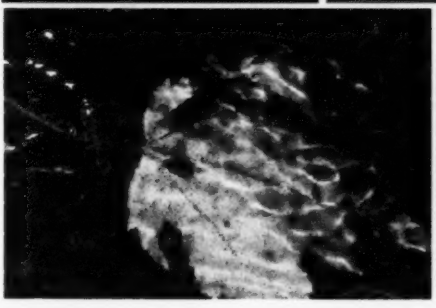
Provincial appointees to the Miller Environments Corporation board of directors

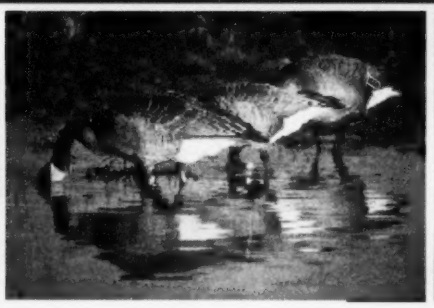
Mr. Florent Beaudette, St. Jean Baptiste *
Mr. Richard Gallant, Letellier *
Mr. Chris O' Grady, Winnipeg
Ms. Nancy Bettcher, Winnipeg

* Representatives of the Rural Municipality of Montcalm
Note: The other five members of this nine-member board are chosen by Miller Waste Systems, the joint venture partner with the MHWMC.

## MEC MANAGEMENT

Mr. Vaughn Bullough, Vice President
Mr. Ross Edmunds, General Manager
Ms. Judy Barnabé, Administration and Accounting Manager
Mr. Marcel Bissonnette, Plant Operations Manager
Mr. Paul Leonard, Customer Service Manager





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